

ILLINOIS ELECTRIC COOPERATIVE
AMENDED APPLICATION FOR DESIGNATION AS AN
ELIGIBLE TELECOMMUNICATIONS CARRIER

Docket Number 16-0191

Exhibit B

Testimony of Bruce N. Giffin

October 7, 2016

1 **Q. Please state your name and business address.**

2 **A.** My name is Bruce N. Giffin. My business address is 2 South Main Street,
3 Winchester Illinois 62694.

4 **Q. By whom are you employed and in what capacity?**

5 **A.** I am employed by Illinois Electric Cooperative ("IEC") as Chief Operating
6 Officer and General Manager. I direct policies and practices for business
7 operations as well as regulatory and government affairs, including
8 certifications.

9 **Q. Please describe your professional qualifications and experience.**

10 **A.** I have over 40 years of work experience with public service companies
11 and utility operations. Prior to working at IEC, I was General Manager of
12 Fox Islands Electric Cooperative, where I prepared and supervised the
13 preparation of rate case testimony and exhibits for the Maine Public Utilities
14 Commission. Prior to that I was a Vice President of Palm Beach County
15 Utilities Corporation and, in that capacity, I testified at the Florida Public
16 Service Commission and participated in Federal Energy Regulatory
17 ("FERC") Proceedings. I began my career at The Southern Connecticut
18 Gas Company, where I participated in FERC proceedings and regularly
19 testified at the Connecticut Public Utility Regulatory Authority in rate
20 proceedings and generic hearings.

21 I became involved in the management of Internet service providers
22 at Fox Islands when that electric cooperative began providing Internet
23 service in 1995. Illinois Electric Cooperative has provided Internet service,

24 itself and through its subsidiary, Illinois Rural Telecommunications
25 Company, since 1995 as well.

26 I am an alumnus of the Booth Graduate School of Business at the
27 University of Chicago, and I also have a Master's Degree in
28 communications from Fairfield University in Connecticut.

29 **Q. Have you previously testified before the Illinois Commerce**
30 **Commission ("Commission")?**

31 **A.** Yes. I have testified in two cases before the Commission, Docket Nos.
32 14-0690 and 15-0529. Both cases were statewide Local and Interexchange
33 carrier certification proceedings.

34 **Q. What is the purpose of your testimony?**

35 **A.** The purpose of my testimony is to present evidence in support of IEC's
36 Amended Application to be designated as an Eligible Telecommunications
37 Carrier ("ETC"). Specifically, my testimony will: 1) provide a background of
38 IEC; 2) explain how IEC intends to meet ETC requirements, 3) describe its
39 proposed ETC service area and rates; and 4) underscore why ETC
40 designation by this Commission is in the public interest.

41
42 **1. Background of IEC**

43 **Q. When was IEC certificated to do business in Illinois?**

44 **A.** IEC registered with and was certificated by the Illinois Secretary of State
45 on July 6, 1936 as Illinois Rural Electric Cooperative. IEC changed its name
46 in 2015 to "Illinois Electric Cooperative" and remains in good corporate

standing.

Q. Does IEC hold any certificates or registrations from this Commission?

A. Yes. IEC holds a statewide certificate of service authority to provide local and inter-exchange telecommunications services, state cable and video franchise authority, and is a registered voice over Internet protocol ("VoIP") provider. This Commission granted IEC's telecommunications and cable and video franchise under Docket Nos. 15-0529 and 15-0170 respectively.

Q. Does IEC hold any other federal certificates or registrations?

A. Yes. IEC is a registered service provider under the Universal Service Administrative Company's ("USAC") E-Rate and Rural Health Care Programs. USAC is the Federal Communications Commission's ("FCC") designated administrator of universal service. IEC is also registered with the FCC for the construction and operation of cellular radio towers in its Illinois service area.

Q. Describe the services that IEC currently provides?

A. IEC supplies electricity and provides Internet service to approximately 14,000 accounts in Morgan, Pike, Scott, Greene, and Calhoun, with a few members located in the adjacent regions of Adams, Brown, Cass, Jersey, and Macoupin counties. We now provide fixed wireless service to about 4,000 consumers, limited customer fiber optic service, and fiber optic internet service to the Winchester school system under the FCC's E-Rate Program.

70 **Q. Describe how IEC is organized and owned.**

71 **A.** In 1937, IEC received its Internal Revenue Service determination
72 letter granting 501(c)12 status. It is organized as an Illinois Not for Profit
73 Corporation. It is owned by its members, i.e. persons who purchase
74 services from the cooperative. There are 7,800 active members. The
75 cooperative's margins are assigned to members, and when in the
76 determination of the cooperative's member elected board of directors that it
77 is financially appropriate to do so, those capital credits are retired with cash
78 payments. In 2015, as an example, IEC returned \$1,200,000 to current and
79 former members.

80 We have an 80-year relationship with United States Department of
81 Agriculture ("USDA"). Its Rural Development Broadband Program would
82 allow us to bring fiber to the electric meter and from the meter to an Optical
83 Network Terminal for electric members throughout the five county area.
84 That would enable members to use the fiber network to control their energy
85 use and have sufficient bandwidth for any Internet activity. The advantage
86 of the USDA Rural Development program is that it lets us borrow at costs
87 50 basis points higher than those of the Federal Financing Bank; it is
88 attractive, but not subsidized.

89
90 **2. IEC will meet all ETC requirements**

91 **Q. Will IEC use its own facilities to provide the supported services?**

92 **A.** Yes. IEC will expand construction of fiber to the premises ("FTTP"), and

supporting node and head end system improvements. Additionally, IEC will interconnect and acquire switching and backhaul capacity to support its planned network upgrade and expansion if granted ETC status.

Q. Will IEC advertise the availability of its service throughout its service area?

A. Yes. IEC will advertise the availability of the supported services throughout its designated service areas using media of general distribution in a manner that is designed to reach those likely to qualify for such services. In doing so, we will also comply with all form and content requirements promulgated by the FCC and this Commission in the future.

Q. Will IEC comply with the service requirements applicable to the support that it receives?

A. Yes. IEC proposes to provide voice-grade access to the public switched telephone network by providing interconnected VoIP service throughout our designated ETC service area.

Q. How will IEC provide local minutes of use?

A. We will include local usage in our rate plans. IEC will comply with any minimum local usage requirements adopted by the FCC or this Commission. Further, we will provide consumer information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers. The terms and conditions shall detail on the number of minutes provided as part of the plan, additional charges, if any, for toll calls, and rates for each such plan. To the extent we offer a service that distinguishes

between toll and non-toll calls, we will offer toll limitation to qualifying low-income consumers at no additional charge.

Q. Will IEC service include access to emergency services?

A. Yes. Our service will provide access to emergency services by providing 9-1-1 or enhanced 9-1-1 for all of our customers to the extent that the local governments in the designated service areas have implemented 9-1-1 or enhanced 9-1-1.

Q. Does IEC certify that it will comply with the service requirements applicable to the support that it receives.

A. Yes. IEC commits to provide supported services throughout the designated service area to customers who make a reasonable request for service.

Q. How will IEC comply with requirements for the use of funds that it receives?

A. We have experience and systems in place to ensure compliance. IEC is subject to the accounting and reporting rules and regulations of the USDA's Rural Utilities Service ("RUS"). IEC follows the FERC's Uniform System of Accounts prescribed for Class A and B Electric Utilities as modified by RUS. Our accounting policies conform to generally accepted accounting principles as applied in the case of regulated electric utilities. We also have a proven record of fulfilling our obligations to this Commission under the State's Digital Divide Elimination Infrastructure Fund grant program and under the FCC's E-Rate and Rural Health care universal service programs.

Q. Does IEC have a network improvement plan for the upcoming five years?

A. Yes. Our Five-Year Network Improvement Plan, included with our Amended Application as Exhibit C, will use universal service support to maintain and improve service within our service area. Please note that we consider our five-year plan competitively sensitive and seek confidential treatment of the unredacted version of Exhibit C for a period of three years.

Q. Can IEC's phone service remain functional in emergency situations?

A. Yes. Our service is supported by back-up power at both the customer premises and our network facilities in case of a power failure. In the case of damaged facilities, we are able to reroute traffic around such damaged facilities. We are also capable of managing traffic spikes resulting from emergency situations.

Q. Will IEC satisfy applicable consumer protection and service quality standards?

A. Yes. Upon designation as an ETC, we will satisfy all consumer protection and service quality standards as required by FCC rules for ETC's, as well as all applicable Illinois-specific consumer protection and service quality standards.

Q. Are there any ETC requirements that IEC will not meet?

A. No, IEC intends and is fully able to comply with all ETC requirements, whether they come from the FCC or this Commission.

3. IEC's proposed ETC service area and rates

Q. Please describe the where IEC proposes to offer services.

A. IEC's proposed ETC designated service area consists of the areas of Illinois listed in Exhibit C of this Amended Application. The identified census blocks are within IEC's electric service territory footprint. IEC intends to focus its ETC interests on those areas most in need of support. Please note that until it is known which entities will receive universal service support, we consider our proposed ETC service area competitively sensitive and seek confidential treatment of the unredacted version of Exhibit C as discussed above.

Q. Please describe the services that IEC intends to provide.

A. Our services will include combinations of basic digital residential voice service and Internet over its FTTP network. IEC also offers fixed wireless Internet service.

Q. Please describe IEC's proposed Internet service offerings and rates.

A. As detailed in our Amended Application, we propose to offer a range of services and rates to suit customer needs. Further, if granted ETC designation, we would offer discounted broadband service to Lifeline voice customers. This Internet service will offer 10 megabits per second ("Mbps") download and 1 Mbps upload for as low as \$15.00 per month.

Q. Please describe IEC's proposed voice service offerings and rates.

A. Our residential telephone service is priced as low as \$29.95 per month. IEC will also provide Lifeline services from a VoIP-based platform. For example, the Lifeline adjusted price would be \$20.70 after the \$9.25 discount is applied. Additionally, as residential customers, Lifeline customers will have battery back-up provided at no extra charge. As stated in our Amended Application, we will also intend to offers various bundles and service for area businesses.

Q. How does IEC's proposed service compare to the incumbent local exchange carrier ("ILEC")?

A. IEC believes that our proposed usage plans represent an improvement from a pricing and performance standpoint over the plans offered by the ILEC.

4. Designation of IEC as an ETC is in the public interest

Q. Explain how designation of IEC is in the public interest.

A. Designation of IEC as an ETC will serve the public interest by facilitating the FCC's goal of developing voice and broadband networks in rural, high-cost areas. IEC's ETC plans are consistent with the FCC's determination that the benefits of increased consumer choice, the increased access, and the unique advantages of the applicant's service offering are important components of a public interest finding. Further, IEC has expressed interest and received feedback indicating substantial community need and support

207 within the its electric service territory. (See Exhibit A). Ultimately, IEC is well-
208 positioned from a technical, managerial, and geographic standpoint to be
209 designated as an ETC.

210 **Q. Is it possible that IEC may seek to change its ETC service territory**
211 **in the future if granted ETC designation in this proceeding?**

212 **A. Yes**

213 **Q. Please explain why you affirmed the possibility that IEC's ETC**
214 **service territory might change.**

215 **A.** There are a number of ongoing proceedings at the FCC that could be
216 applicable to IEC as a prospective ETC, including the areas it serves. First,
217 the FCC released Order 16-38 on April 27, 2016, which includes the Lifeline
218 and Link-Up Reform and Modernization (WC Docket No. 11-42);
219 Telecommunications Carriers Eligible for Universal Service Support (WC
220 Docket No. 09-197); and Connect America Fund (WC Docket No. 10-90)
221 Third Report and Order and Order on Reconsideration. Secondly, the FCC
222 released Order 16-64 on May 26, 2016, which includes Connect America
223 Fund (WC Docket No. 10-90), ETC Annual Reports and Certifications
224 (Docket No. 14-158), and Rural Broadband Experiments (WC Docket No.
225 14-259) Report and Order and Further Notice of Proposed Rulemaking, and
226 on August 10, 2016, the FCC released a preliminary list of census blocks
227 deemed eligible for the Connect America Fund Phase II broadband auction
228 for build-out of broadband facilities. (WC Docket No. 10-90, DA 16-908). As
229 further rulings and determinations are made by the FCC, IEC will continue

230 to consider how it could best utilize available support to bring advanced
231 services to underserved areas or adjust service according to the support it
232 receives. Therefore, IEC could seek Commission approval in the future to
233 expand its designated ETC service area in response to the proceedings
234 discussed above.

235 **Q. Is it possible that IEC may seek to reduce its designated ETC**
236 **service area as well?**

237 **A.** Yes, that is also possible. If the Commission grants IEC ETC status for
238 the census blocks it has listed in Exhibit C, but for some reason IEC does
239 not receive universal service support for all of those census blocks, IEC
240 agrees that it would be appropriate to reconsider the scope of the ETC
241 service area granted through an order in this docket. To that end, IEC
242 commits to seek, and will seek, the reopening of this docket to bring its
243 designated ETC service area in line with the area for which it actually
244 receives universal service support. Also, in the unlikely event that it
245 receives no universal service support, IEC will relinquish any ETC
246 designation obtained in this docket.

247
248 **5. Compliance Reporting by IEC**

249 **Q. Is IEC willing to comply with the various reporting requirements**
250 **that it is subject to as well as provide updates on its progress if**
251 **designated as an ETC?**

252 **A.** Yes. To facilitate the Commission's comfort with IEC's designation as

an ETC and in compliance with various reporting requirements, IEC commits to filing on e-Docket under this docket the following reports:

- a. a report identifying all census blocks IEC wins in the CAF Phase II auction within 30 days of the date that the FCC announces the CAF Phase II winners;
- b. a report prior to commencing service that notifies the Commission of the date when IEC will commence offering service to each census block in its service area;
- c. a report providing a copy of any notice IEC receives from the FCC regarding defaults, forfeitures, waivers, and restoration of support related to CAF Phase II funding within 30 days of the date of any such notice;
- d. a report containing copies of certifications filed by IEC with the FCC attesting to achievement of IEC's build-out requirements;
- e. for a period of three years from the date of an order entered in this docket, a quarterly report filed no later than 30 days from the end of the quarter providing by month the number of voice customers IEC served and the number and value of E9-1-1 surcharges submitted by IEC on behalf of its voice customers;
- f. a report containing a copy of each of IEC's Form 555 reports filed by IEC with the FCC;
- g. a report containing a copy of each of IEC's reports filed by IEC under 47 CFR 54.313 with the FCC; and

276 h. a report containing a copy of IEC's audit report filed by IEC under 47
277 CFR 54.420(b) with the FCC.

278 In addition, IEC will comply with any other applicable reporting
279 requirements.

280
281 **Q. If Staff or any intervenors have any concerns with IEC's Amended**
282 **Application, is IEC willing to work with Staff or such an intervenor to**
283 **address that concern?**

284 **A.** Yes, IEC believes that doing so is in the best interest of all those
285 concerned.

286 **Q. Does this conclude your testimony?**

287 **A.** Yes.